

TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	1
AGENCY RESPONSE	1-2
FINDINGS AND RECOMMENDATIONS	
Contractual Services	
CORY Place	2
Bay City Schools	2
Subrecipient Contracts	
Missing Information from Subcontracts	3
Case File Review	3

INTRODUCTION

The County of Bay entered into contract #BA-02-09001 with the Michigan Family Independence Agency (FIA) to provide an After-School Program for children in grades K-9. The children were to participate in academic development activities, anger management, life skills and drug resistance training, parent and student social events, self-esteem training, and leadership development activities. The contract totaled \$729,760.65, and covered the period October 1, 2001 through June 15, 2002. The County of Bay was reimbursed for actual costs incurred, through the submission of monthly billings to FIA.

SCOPE

The Office of Internal Audit performed an audit of The County of Bay to determine if the Agency's billings were accurate, allowable, and properly supported by the accounting records and supporting documentation in accordance with the terms of the contract. Our review covered the period October 1, 2001 through April 30, 2002.

EXECUTIVE SUMMARY

Based on our audit, we concluded that The County of Bay overbilled FIA \$6,841.03 for Contractual Services. Subsequent to our audit, the County of Bay revised their sub-contract budgets, and had one of their sub-contractors provide documentation that costs charged were appropriate. Our report recommends the Field Operations Administration monitor future contracts to ensure that sub-contracts include required language, and that sub-contractors bill in accordance with the sub-contract budget.

AGENCY RESPONSE

The management of The County of Bay has reviewed the findings and recommendations included in this report. They indicated in a memo dated July 16, 2002 that they are in

general agreement with the report, and that corrective action has been taken. Action taken on each item is summarized after each finding below.

FINDINGS AND RECOMMENDATIONS

Contractual Services

The following are expenses that were overbilled by The County of Bay subcontractors.

CORY Place

1. CORY Place overbilled the salaries and fringe benefits line item by \$5,019.55 and \$945.34 respectively. The agency billed on a unit rate basis, although their subcontract required them to bill for actual costs incurred.

Corrective Action: Subsequent to our on-site audit work, the County of Bay instructed CORY Place to prepare revised billings based on actual costs, and provide documentation to the County of Bay for the amounts billed. CORY Place provided documentation that they had incurred enough actual costs to support the amounts billed.

Bay City Schools

2. Bay City Schools overbilled the miscellaneous line item by \$876.14 due to wireless phone charges, advertising, license application fee and mileage being billed, although these items were not included in the contract budget.

Corrective Action: The County of Bay and Bay City Schools amended the budget in their subcontract to include the items that were billed in the miscellaneous line item.

Subrecipient Contracts

Missing Information from Subcontracts

3. All of the County of Bay's subcontracts were missing certain information that is required by the contract with FIA. The Rights and Obligations upon Termination, information on CFDA numbers, Federal Financial Participation and Audit Requirements were not included in the subcontracts, as required. In addition, one of the subcontracts was missing pages that included the Legal Basis, Provisions for Termination of the contract, and the Confidentiality and Insurance requirements.

Corrective Action: The County of Bay informed us in a letter dated July 16, 2002 that they will include the required information in all future contracts.

WE RECOMMEND the Field Operations Administration monitor future contracts with the County of Bay to ensure that sub-contracts include the appropriate language, and that sub-contractors bill in accordance with the sub-contract budget.

Case File Review

4. We reviewed a sample of 58 out of 149 case records for the period October 2001 through March 2002 and found 2 TANF forms were missing and all survey forms were on file.